

MDOT RESPONSE TO DLS ANALYSIS

Budget Analysis

1. Performance Analysis: Managing for Results (Page 9)

Farebox Recovery

The Department of Legislative Services (DLS) recommends MDOT discuss why it has not met the farebox recovery requirement and what actions will be taken to comply with the 40% farebox recovery requirement.

MTA Response: The MTA has been faced with ever growing costs for fuel, maintenance and associated activities that far exceed the rate of inflation. In addition, the ridership/revenue has not grown to offset the increased costs. As a result, the MTA is working to better utilize resources in an effort to control costs. Additionally, the MTA expects that over time, the restructuring of the bus system that will result with the completion of the Greater Baltimore Bus Initiative will better serve the needs of today's transit customer and hence, improve ridership. Additionally, the MTA is actively working on transit oriented development projects that will provide opportunities to create living and working environments around transit facilities that will encourage the use of transit.

Boardings (Page 9)

DLS recommends the agency comment on the decrease in ridership and the causes.

MTA Response: It is important to note the long-standing stagnation and decline in transit ridership in the Baltimore Region. From an average of 249,260 daily weekday core bus boardings in 1994 to 243,413 in 1998 to 231,523 in 2002, the usage of Baltimore's core bus system has been mirroring a trend of population decline in the core service area, Baltimore City (see attached graphic).

MTA has conducted a Comprehensive Bus Study to review changes in ridership patterns and is in the process of implementing the Greater Baltimore Bus Initiative to create a system that better reflects the needs of today's transit customer.

MTA conducted a comprehensive ride check project to determine areas of overcrowding versus underutilization, time of day and direction of travel. MTA also conducted an origin-destination survey to gather information on ridership patterns and transfer rates. MTA found that while the current bus system is oriented toward travel to downtown in the AM peak and away from downtown in the PM peak--twice the frequency on radial routes versus cross-town routes, twice the frequency on all route during the peaks as the midday--this system is a poor match for riders who need better midday and weekend service and better cross-town and through-town connectivity. MTA found that the

MDOT RESPONSE TO DLS ANALYSIS

Budget Analysis

Boardings (continued)

demand for peak versus midday service was only 1.4:1, and that only 22% of AM peak riders had downtown at their final destination. 48% had a one-seat ride, 44% required one-transfer and 8% two transfers. There was also a high rate of transfer between bus and rail.

So as a short-term strategy, MTA has developed a series of proposals in the Greater Baltimore Bus Initiative that shifts resources from peak service to midday and weekend service, from radial service to cross-town service, improves through-town connectivity and improves connections between bus and rail.

Long-term, as part of the Ehrlich Administration's Priority Places strategy, the Maryland Department of Transportation has been actively working on transit-oriented development around the Owings Mills and State Center Metro Stations, where the state has significant resources to include. The local jurisdictions have much opportunity to shape land use around transit stations and to create living and working environments that encourage the use of transit. In Sept. 2004, the Federal Transit Administration released a report, "Hidden in Plain Sight: Capturing the Demand for Housing Near Transit". In it, the report asserts that the Baltimore Metropolitan Area could absorb another 109,000 housing units within existing transit station zones by 2025, which represents 23% of the projected total demand. The Secretary has forwarded a copy of the report to each of the local jurisdictions for their reference and has asked that the local jurisdictions join us in a regional partnership to meet the demand for transit-oriented development.

Paratransit Improved Performance (Page 11)

DLS recommends that MDOT comment as to why on-time percentage information for buses was not presented using the old methodology while a new methodology is developed. DLS also recommends that committee narrative be adopted requiring MTA to report paratransit on-time performance as part of its MFR submission.

MTA Response: As stated last year in our MFR, the MTA has been working to establish a methodology for collecting data to be used to determine on-time performance for our Bus system that is statistically accurate and reflects the true performance of our service. Unfortunately, as FY 2005 data was collected, we discovered that the methodology being used was flawed and resulted in a higher than actual on-time performance rate being reported. At that time, the on-time performance being reported was 79%.

MDOT RESPONSE TO DLS ANALYSIS

Budget Analysis

Paratransit Improved Performance (continued)

Based on the previous methodology in 2004, we reported a 60% on-time performance rate, and projected an on-time performance goal of 72% for FY 2006 and 79% for FY 2007, due to improvements that were being anticipated from the Greater Baltimore Bus Initiative for FY 2006 and beyond. However, when we learned of the error in our calculations, we felt it was misleading to show the 79% for FY 2005 and then show a decline in performance over the next two fiscal years. Therefore, the numbers were not reported.

The MTA concurs with the analyst regarding Paratransit on-time performance and will include the information in the 2008 Allowance.

MTA Quadrennial MFR Audit (Page 16)

DLS recommends that MDOT comment on:

- *The audit findings*

MTA Response: The Administration agrees with the recommendations included in the audit. The accomplishments also represent fairly the progress that MTA has made to improve service and efficiency.

- *The decline in population and MTA ridership for core services relative to the development of an East/West transit Red Line*

MTA Response: The Red Line is intended to provide transportation options for the Baltimore region. Envisioned as part of a regional network of transit lines carrying passengers into, from, within and through the city, the Red Line would connect residential and employment areas in the Social Security area of Baltimore County, major activity centers in Baltimore City, both at the harbor and into the rapidly developing east harbor areas of Fells Point and Canton, and those employment centers and residential areas between these locations. The Red Line would also link with the existing Metro and Light Rail lines and the MARC system at West Baltimore. Currently eight bus routes serve the corridor providing access for approximately 82,000 passengers per weekday. Three of these routes have the highest ridership rates in the MTA system.

MDOT RESPONSE TO DLS ANALYSIS

Budget Analysis

The decline in population and MTA ridership (continued)

The city has 20% of all employment in the state and employs 300,000 workers. The Social Security Administration has over 15,000 employees along the west edge of the Red Line corridor, the city government employs over 14,000 workers and the combined University of Maryland at Baltimore and University Medical School employ over 10,000 workers. There is increasing interest in Baltimore City as an employment and residential location. Demand in downtown was recently highlighted by the newly presented plans for a 59-story tower on Light Street. This \$300 million condominium building and hotel proposed for the former McCormick & Co. property would become the city's tallest building and appears to be at the forefront of a wave of proposed high rise buildings throughout the central business district and beyond.

Other buildings planned for downtown include a 34-story condominium tower on Market Place; two towers in Harbor East for the Four Seasons hotel and condominiums; a 21-story condo tower that will sit atop a garage at 414 Water St.; a 17-story condo at Harbor View; and a 21-story apartment tower called the Zenith at Paca and Pratt streets.

- ***DLS - What actions have been taken to improve performance in the years since the audit (Page 16)***

MTA Response: The report was not issued until late 2005, so there has been little time since publication of the report to measure performance improvements associated with the audit. The Administration has a strategic business planning effort underway, and will be incorporating performance measures related to the plan. The Administration is also continuing to assess service levels and seek out competitive opportunities for contract services. Workforce/succession planning efforts are also underway.

MDOT RESPONSE TO DLS ANALYSIS

Issues

1. Paratransit Lawsuit Settled...and Paratransit Service Improved...Additional Personnel Are Requested (Page 27)

DLS recommends MDOT discuss why MTA provides 12% of service instead of all of the paratransit service being contracted through the two providers.

MTA Response: MTA has been providing Paratransit service since May of 1978. At that time MTA provided 80% and taxi provided 20% of the 200 trips per day. As the years progressed the MTA continued to grow only slightly with the provision of its own control of service and a single provider until July 2004. Since July 2004 the MTA has not only added a second contracted provider but it has also added 30 additional runs for MTA controlled service out of more than 300 total. ATU Union Local 1300 represents the 55 operators currently working in Mobility for protection of service (Protection of service means the ability to provide back-up service in case the original schedule fails). Mobility drivers are the most professional and reliable for protection of service especially when protecting distant and difficult pickup locations in the 168-mile service area perimeter. The new Paratransit RFP that will be issued has provisions that will provide more professional and reliable operators for the contractors due to requirements for higher wages and better benefits.

The MTA has undergone several transitions of service related to provision of service issues that have adversely affected the fragile ADA customer base. These transitions occurred in January 1997, August 1997, Nov 1999, and July 2004. Our experience with the direct operation of service proves invaluable during threats of labor action by providers, by the providers inability to retain drivers, and occasional problems resulting in fuel and power disruptions to name a few. Because MTA does have some ability to protect the service during anomalies in provided service, that percentage of protection is something that helps MTA maintain good on-time performance. Multiple providers are becoming more cost effective due to the number of daily trips scheduled. MTA controls all of the call reservations, routing, scheduling, and oversight on a daily 24-hour basis. MTA's ability to provide the directly operated service also provides a reality check that the service provided can in fact be performed by contract providers. Basically MTA service is the barometer of whether a provider can accomplish the same level of performance operating in the same area.

Service protection with experienced and reliable provision by the MTA directly will continue to be a service option for Mobility.

MDOT RESPONSE TO DLS ANALYSIS

Issues

Paratransit (continued)

In addition, DLS recommends that MTA undertake an interim study that analyzes and evaluates a number of options for what the most cost effective approach and mix of providers is to provide paratransit service based upon the multiple service providers at the moment. This analysis should also include an option whereby MTA does not provide a direct service other than the scheduling and management functions currently performed.

Furthermore, DLS recommends that as part of the report, MTA compare the paratransit services of the peer cities identified in the quadrennial audit report to MTA's paratransit services. The report should provide an overview and comparison of how other cities provide paratransit services including detail on:

- *who provides the service and how;*
- *what operations are provided by the city and what operations are provided by any outside contractors;*
- *the cost of the program over the past three fiscal years; and*
- *what actions the service has undertaken to improve service and reduce costs.*

MTA Response: The MTA respectfully does not concur with this recommendation. Prior to finalizing the current service model, the MTA hired local transit consultant (KFH Consultants) to help determine the best model to use for a proposed RFP. After the model was completed, the Secretary's office requested review by a national transit consultant to help insure the best possible results. Finally, prior to settling the lawsuit brought by the Disability Law Center on behalf of the disabled community, the MTA model was audited by Russ Thatcher at Multisystems. Mr. Thatcher will be involved with the ongoing monitoring of the service model and is tasked to make recommendations to MTA regarding Mobility. His audit served as the final recommendations for the completed settlement.

We believe that the exhaustive measures taken ensure that the MTA model is the best available. Another study would cause additional cost without providing better information. Furthermore, an expert other than the court appointed Mr. Thatcher would perform the study. Differing opinions could cause problems that would compromise the delivery of services to the community.

MDOT RESPONSE TO DLS ANALYSIS

Issues

2. Greater Baltimore Bus Initiative (Page 28)

PHASE II Proposed

DLS recommends that MDOT comment on how (1) Phase II of the Greater Baltimore Bus Initiative will be presented to the community and implemented, (2) how much will be saved through the bus reorganization, and (3) what impact the reorganization will have on farebox recoveries.

MTA Response: The MTA has been working with affected community groups, rider groups, business organizations and elected officials to inform them of the modifications we've made to the original proposals and gather their input. These have been grass roots meetings. In addition, the MTA has placed information on our website. Implementation efforts will be similar to those used for the first phase of improvements, including extensive outreach to the public to include notices on all of our bus routes, radio ads, newspaper ads, television spots, possible door hangers, posters on our fleet, notices at bus stops, transit ambassadors at bus stops to provide information just prior to changes, and continued grass roots meetings.

The MTA expects this series of improvements to be cost neutral.

Because the changes will be cost neutral, they will not have a direct and immediate effect on farebox recovery. However, because we are making improvements to the system to better serve the transit needs of the region, the service will be more attractive to the public. This should have a longer-term effect in attracting new ridership and generating additional revenue that will improve farebox recovery.

MDOT RESPONSE TO DLS ANALYSIS

Capital Budget Issues

3. Four Major Transit Projects All Competing for Funding (Page 29)

Prospect of Federal Funding

DLS recommends that MDOT comment on the prospect of all four projects receiving federal funding and how the State would pay for all four projects given diminishing federal funds. In addition, the department should comment on the availability of special funds from the Transportation Trust Fund for the projects.

MTA Response: The four projects include the Baltimore Red Line, I-270 Corridor Cities Transitway, Bi-County Transitway and Baltimore Green Line. DLS correctly points out that funding for these New Starts projects is highly competitive and that there is only a limited amount of federal funds available. These funds are discretionary and Maryland is in a very competitive environment to secure these funds. Currently only about 15 to 20 percent of the projects seeking New Starts funding receive approval. In addition it should be noted that while the current legislation allows for 80 percent federal funding towards these projects, the FTA for the past several years has only been funding at the 50 percent level and generally capping the federal commitment to \$500 million per project. In light of this situation, FTA has pointed out to the MTA that they will be very interested in seeing how Maryland proposes to pay for all these New Starts projects and will be closely scrutinizing the Financial Plans for these projects once they are submitted to FTA.

In recognition of the challenges faced in funding these projects and the fact that currently the Transportation Trust Fund does not have money allocated to fully fund construction of any of the proposed New Starts projects, this issue is something the Administration and the Legislature will need to discuss by fiscal year 2008.

MDOT RESPONSE TO DLS ANALYSIS

Capital Budget Issues

Prospect of Federal Funding (continued) - Page 30

DLS also recommends that \$5 million be reduced from the MTA capital program given the likelihood MDOT will not secure federal funding for all four projects. This would defer two of the four projects. This reduction is necessary due to the reprogramming of \$29.3 million in restricted funds. Should the department identify additional funding these projects may be funded.

MTA Response: The MTA respectfully does not concur with this recommendation. The Legislature has previously stated how important these projects are to the state and that the Department needs to make them a top priority. FTA has already indicated to the MTA that they are very interested in how the MTA plans to fund four New Starts projects. Reducing the funding for these projects at this critical juncture will be sending the wrong message and could jeopardize FTA funding for these projects. This is counter to the direction previously provided by the Legislature

MDOT RESPONSE TO DLS ANALYSIS

Operating Budget Recommended Actions

1. **Reduce funds for building equipment. \$ 37,000 SF**
This provides a \$37,943 increase over the
fiscal 2006 working appropriation
(Page 31).

MTA Response: The MTA respectfully does not concur with this recommendation. The additional funds have been budgeted for the MTA storerooms. The MTA has recently completed several projects that greatly expand the need for parts storage. A new bus model has been added to the fleet, new farebox equipment, new ticket vending machines and the recent completion of Light Rail Double Tracking. In addition, the storerooms must have adequate supplies for all changing technology. Due to system changes, the storerooms must make room for new parts as well as existing parts

2. **Reduce funding for office supplies equal to 53,726 SF**
the fiscal 2005 actual expenditure for the
entire department (Page 31)

MTA Response: The MTA respectfully does not concur with this recommendation. The line item for office supplies (COBJ 0902) includes true office supplies and printing supplies for the Print Shop. A large portion of the printing supplies (over \$100,000) was inadvertently charged to COBJ 0999 (Other Supplies and Materials). The budget request was left in the printing supply line item to indicate the actual budgetary need

3. **Delete funding for 30 new positions. In its 1,866,000 SF**
final report, the Spending Affordability
Committee recommended that the
Governor not include any new positions
and fund any positions by reclassifying
existing vacancies. The department may
increase funding for overtime through
budget amendment if needed (Page 31).

MDOT RESPONSE TO DLS ANALYSIS

Operating Budget Recommended Actions

MTA Response: The MTA respectfully does not concur with this recommendation. The funding in question is being used to fund 30 operator positions to replace operators transferred to Paratransit service. The operators transferred to Paratransit were required to address service shortages. Lack of service availability was one of the primary reasons for the lawsuit against the Department of Transportation. The additional operators are necessary to reduce overtime and driver fatigue caused by too much overtime. It is important to reduce driver fatigue to ensure safe and reliable service.

If the PINs are not approved, the funds will be necessary to fund the overtime created by the transfer of operators. Therefore, no savings will accrue to the MTA budget. In fact, overtime expenditures will actually exceed the amount cut from the budget, resulting in a net loss to the Transportation Trust Fund.

4. **Reduce funds for employee uniforms. This 70,000 SF provides for a \$73,419 increase over the fiscal 2005 actual expenditure for employee uniforms (Page 31).**

MTA Response: The MTA respectfully does not concur with this recommendation. Uniforms are required by the Collective Bargaining Agreement. In this instance, several uniform contracts were incorrectly coded as COBJ 0999 (Other Supplies & Materials). This error caused the COBJ for uniforms to be under reported. The budget request was left in the uniform line item to indicate the budgetary need.

5. **Adopt the following narrative (Page 31):**

Additional Managing for Results for Mobility Services: In order to continue to assess the performance of the Maryland Transit Administration's (MTA) Mobility paratransit services, the committees request that MTA include the following data in the Governor's 2008 allowance and any other reports issued by MTA on Managing for Results data:

- the number of registered users; and
- the percentage of service provided on time.

Actual data should be reported for fiscal 2005 and 2006, and projections shall be provided for fiscal 2007 and 2008.

<u>Information Request</u>	<u>Author</u>	<u>Due Date</u>
Performance Measures	MTA	With the submission of the fiscal 2008 allowance

MDOT RESPONSE TO DLS ANALYSIS

Operating Budget Recommended Actions

DLS - MFR Measures for Mobility (Continued)

MTA Response: The MTA concurs with this recommendation.

6. Adopt the following narrative (Page 32):

Comparison of Paratransit Service Delivery Models: The Maryland Transit Administration (MTA) should undertake an interim study that analyzes and evaluates a number of delivery models for paratransit service delivery for what the most cost effective approach and mix of providers is without sacrificing service delivery. This analysis should use a cost benefit approach that includes options whereby MTA does not provide any of the service or MTA provides all of the service.

In addition, the study should compare the paratransit services of peer cities identified in the quadrennial audit report. The report should provide an overview and comparison of how other cities provide paratransit services, including detail on:

- who provides the service and how;
- what operations are provided by the city and what operations are provided by any outside contractors;
- what was the cost of the program over the past three fiscal years; and
- what actions the service has undertaken to improve service and reduce costs.

<u>Information Request</u>	<u>Author</u>	<u>Due Date</u>
Information on paratransit service delivery models and costs	MDOT	December 1, 2006

MDOT RESPONSE TO DLS ANALYSIS

Operating Budget Recommended Actions

DLS – Comparison of Paratransit Service Delivery Models (Continued)

MTA Response: The MTA respectfully does not concur with this recommendation. Prior to finalizing the current service model, the MTA hired local transit consultant (KFH Consultants) to help determine the best model to use for a proposed RFP. After the model was completed, the Secretary's office requested review by a national transit consultant to help insure the best possible results. Finally, prior to settling the lawsuit brought by the Disability Law Center on behalf of the disabled community, the MTA model was audited by Russ Thatcher at Multisystems. Mr. Thatcher will be involved with the ongoing monitoring of the service model and is tasked to make recommendations to MTA regarding Mobility. His audit served as the final recommendations for the completed settlement.

We believe that the exhaustive measures taken ensure that the MTA model is the best available. Another study would cause additional cost without providing better information. Furthermore, an expert other than the court appointed Mr. Thatcher would perform the study. Differing opinions could cause problems that would compromise the delivery of services to the community.

MDOT RESPONSE TO DLS ANALYSIS

PAYGO Budget Recommended Actions

1. **Reduce funds for the Greater Baltimore Bus Initiative. This reduction will defer funding for the Initiative until cash flow is available to fund the project. This reduction is necessary due to the department reprogramming \$29.3 million in restricted funds that are not available prior to the end of fiscal 2006 (Page 33).** **\$ 2,991,000 SF**

MTA Response: The MTA respectfully does not concur with this recommendation. The MTA will be impacted by the reduction of the GBBI funding. This money would enable the MTA to more effectively implement the next series of improvements. Funding was to be used to make new or relocated bus stops ADA compliant, to update the automatic voice announcement equipment, to update the interactive voice recording, to provide training to operators, to produce new information materials including maps and timetables, and other implementation efforts.

2. **Reduce funding for the Development and Engineering of the Red and Green Line, the Bi-County Transitway, and the Corridor Cities Transitway. This reduction is necessary due to the department reprogramming \$29.3 million in restricted funds in the fiscal 2007 budget. In addition, the likelihood of securing federal approval for all four transit lines is doubtful and will require Maryland Department of Transportation to prioritize among the options. The recommendation defers funding for two of the projects until cash flow funding is available (Page 33).** **5,000,000 SF**

MDOT RESPONSE TO DLS ANALYSIS

PAYGO Budget Recommended Actions

DLS - Reduce Funding for Development and Engineering (continued)

MTA Response: The MTA respectfully does not concur with this recommendation. The Legislature has previously stated how important these projects are to the state and that the Department needs to make them a top priority. Reducing the funding for these projects at this critical juncture will be sending the wrong message and could jeopardize FTA funding for these projects. This is counter to the direction previously provided by the Legislature